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VIA TELETYPE

DISPATCH

CLASSIFICATION		PROCESSING		
S E C R E T		PROPOSED	ACTION	ACCOMPLISHED
TO CHIEF/FCB	S E C R E T		MARKED FOR INDEXING	
INFO. COS/GERMANY	CHIEF/FCB		NO INDEXING REQUIRED	
FROM CHIEF, MUNICH OPERATIONS BACK	S E C R E T		ONLY QUALIFIED HEADQUARTERS DESK CAN JUDGE INDEXING	
SUBJECT CANUG/CAPEDAL OPERATIONAL TERMINATION OF CAPEDAL	S E C R E T		ABSTRACT	
ACTION REQUIRED - REFERENCES			MICROFILM	
<p>REPLY TO REQUEST FOR TERMINATION DONUS (PARA 3)</p> <p>1. CAPEDAL 1, WHO HAS PERFORMED SURVEILLANCE AND INVESTIGATIVE DUTIES AS A PRIVATE CONTRACTOR TO KUBARK SINCE 17 OCTOBER 1952, IS TO BE TERMINATED AS SOON AS POSSIBLE. INITIATIVE WILL BE AT KUBARK. INITIATIVE AND EXPENSES WILL BE NOTIFIED OF THIS FACT AS SOON AS A REPLY TO THIS DISPATCH IS RECEIVED. A REPLACEMENT FOR HIM HAS BEEN SELECTED AND ENTERED ON DUTY ON 7 NOVEMBER 1962.</p> <p>2. WE INTEND TO TERMINATE CAPEDAL 1 FOR THE FOLLOWING REASONS.</p> <p>A. SECURITY - FOR THE PAST TEN YEARS CAPEDAL 1'S BUTIES HAVE REQUIRED THAT HE BE IN CONTACT WITH A CONSIDERABLE NUMBER OF KUBARK STAFFERS AND THAT HE HAVE KNOWLEDGE OF HUNDREDS OF INDIVIDUALS OF INTEREST TO KUBARK. ALTHOUGH WE HAVE NO REASON TO SUSPECT HIS LOYALTY, CAPEDAL 1 HAS A NUMBER OF PERSONAL FRIENDS AMONG KUBARK AND VATA PERSONNEL AND WOULD BE IN A POSITION SHOULD HE BECOME DISINTEGRATED TO REVEAL MUCH INFORMATION ABOUT KUBARK. THE OVER-EXPOSURE OF KUBARK PERSONNEL AND ASSETS IMPLICIT IN OUR LONG RELATIONSHIP WITH CAPEDAL 1, THEREFORE, CONSTITUTES A POTENTIAL SECURITY RISK WHICH CAN ONLY INCREASE WITH TIME.</p> <p>B. AGE - CAPEDAL 1 IS NOW SIXTY-ONE YEARS OLD AND, ALTHOUGH HE SEEMS TO BE IN EXCELLENT HEALTH, HIS DUTIES REQUIRE HIM OUT IN ALL KINDS OF WEATHER. WE CONSIDER THAT IT IS IN THE PUBLIC INTEREST OR OURS TO CONTINUE THIS SITUATION. IT IS ADMITTED THAT CAPEDAL 1 WOULD VIRTUALLY ENDS UP WITH THIS POINT OF VIEW.</p>				
DISTRIBUTION BY TAPE 3 - EE 2 - COS/GERMANY 2 - CHIEF/FCB BY POUCH - WASH	CS COPY	<p>CONTINUED /</p> <p>CROSS REFERENCE TO</p> <p>CLASSIFICATION S E C R E T</p>		
		DATE TYPED 6 NOV 62	DATE DISPATCHED NOV 16 1962	
		DISPATCH SYMBOL AND NUMBER EGMA 50474		
		HEADQUARTERS FILE NUMBER		

WAR CRIMES DISCLOSURE ACT

EXEMPTIONS Section 3(b)

- (2)(A) Privacy
- (2)(B) Methods/Sources
- (2)(G) Foreign Relations

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C. FINANCIAL. CAPEDAL 1 HAS LAST GIVEN AN INCREASE IN SALARY IN NOVEMBER 1950. SINCE THAT TIME HE HAS MORE OR LESS CONSTANTLY AGITATED FOR AN INCREASE IN THE DM 1500.00 MONTHLY SALARY WE ARE PAYING HIM. IN JUSTICE TO CAPEDAL 1 IT MUST BE ACKNOWLEDGED THAT THE REASONS HE SO OFTEN SITES FOR HAVING MORE MONEY MAKE SENSE. FROM THE EMPLOYEE'S POINT OF VIEW, AT THE SAME TIME, IT IS CLEAR THAT THE JOB CAPEDAL 1 IS DOING IS SIMPLY NOT WORTH MORE TO KUBARK THAN WE ARE NOW PAYING. ALTHOUGH HE CONTINUES TO PERFORM TO THE BEST OF HIS CONSIDERABLE ABILITIES, IT IS EVIDENT HE IS BECOMING SATISFIED AT OUR REFUSAL TO GRANT HIM AN INCREASE IN PAY AND WILL BECOME MORE DIFFICULT AS TIME GOES ON. UNDER THESE CIRCUMSTANCES A FRIENDLY TERMINATION AT THIS TIME IS LOGICAL. UNDERTAKING HIS SERVICES WOULD BE:

3. IN ORDER TO ENSURE A FRIENDLY TERMINATION WE INTEND TO INCORPORATE THE FOLLOWING POINTS IN OUR TERMINATION PLANS.

A. GIVE CAPEDAL 1 A GENEROUS TERMINATION BONUS AS DISCUSSED IN PARAGRAPH 4 BELOW.

B. GIVE HIM SIX WEEKS NOTICE OF TERMINATION RATHER THAN THE ONE MONTH SPECIFIED IN HIS CONTRACT.

C. GIVE HIM TO UNDERSTAND THAT WE ARE NOT TERMINATING HIM THROUGH DISSATISFACTION WITH HIS SERVICES, BUT RATHER AS A RESULT OF FISCAL AND ADMINISTRATIVE NECESSITY. IT SHOULD BE NOTED THAT IN DIRECTING CAPEDAL 1 TO REDUCE THE UNDULY HIGH OPERATIONAL EXPENDITURES TO WHICH HE HAS ACCUSTOMED HIMSELF OVER THE YEARS, WE HAVE REPEATEDLY STATED THAT HIS ACTIVITIES ARE COSTING THE ORGANIZATION MORE THAN THEY SHOULD AND THAT AS A RESULT WE ARE UNDER PRESSURE TO EITHER REDUCE EXPENSES GREATLY OR HANDLE THE POLICE INVESTIGATIONS THROUGH LIAISON CHANNELS.

D. FINALLY, INSTRUCT HIM THAT WE INTEND TO RETAIN CONTACT WITH HIM AFTER HIS TERMINATION, BOTH IN ORDER TO ASSURE OURSELVES OF HIS WELL BEING AND, POSSIBLY, TO MAKE USE OF HIS EXPERIENCE AND SERVICES AGAINST SUITABLE REMUNERATION FROM TIME TO TIME.

4. WE DESIRE TO PAY CAPEDAL 1 A TERMINATION BONUS OF DM 15,000 BASED ON ONE MONTH'S SALARY FOR EACH YEAR HE HAS WORKED FOR KUBARK. WHILE THIS IS A SIZEABLE AMOUNT, WE CONSIDER THAT IT IS JUSTIFIED FOR THE FOLLOWING REASONS:

A. CAPEDAL 1 HAS WORKED EFFICIENTLY AND FAITHFULLY FOR KUBARK FOR TEN YEARS DURING THE LAST FOUR OF WHICH HIS SALARY HAS REMAINED CONSTANT DURING A PERIOD OF RISING WAGE LEVELS.

B. AT HIS AGE IT WOULD BE IMPROBABLE FOR HIM TO FIND ANOTHER JOB. Furthermore, due to his age and experience he will not be entitled to the pension he would have otherwise been able to earn by resuming his career with the German Government in 1952 when we recruited him.

C. A GERMAN NATIONAL EMPLOYED AS THE SPY IN A CAPACITY SIMILAR TO CAPEDAL 1'S OVERT POSITION WITH EQUAL SALARY AND LENGTH OF SERVICE, WOULD BE ENTITLED TO A TERMINATION SETTLEMENT OF SOME DM 12,000.00 IN ACCORDANCE WITH GERMAN LAW. THIS AMOUNT THE ARMY CONGRUENT.

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D. IF EVER CAPEL 1 WERE TO BECOME DISCARDED WITH KUBARK IT WOULD BE AT THAT TIME THE ORGANIZATION CAST HIM OFF WITHOUT GENEROUS REGARD FOR HIS LENGTH OF SERVICE AND AGE. IT SHOULD BE NOTED IN THIS RESPECT THAT WE ARE NOT REFERRING TO HIS BREAKING OF HIS SECURITY OATH. CAPEL 1 HAS OVER THE YEARS DEVELOPED A WIDE CIRCLE OF CONTACTS WHO ARE IN THE MAIN KUBARK OWN CONTROLLED SOURCES BUT FROM WHICH HE RECEIVES INFORMATION THROUGH CAPEL 1. WE ARE NATURALLY DESIROUS OF MAINTAINING A DIRECT APPROACHING A NUMBER OF THESE INDIVIDUALS. SHOULD CAPEL 1 BE DISSATISFIED WITH HIS TERMINATION WE COULD, WITHOUT VIOLATING SECURITY, SPREAD THE WORD AMONG HIS CONTACTS THAT THE AMERICANS HAD TREATED HIM SHABBYLY AND THEREBY MAKE OUR EFFORTS TO MAINTAIN THE FLOW OF INFORMATION HERETOFORE DERIVED FROM HIM CONSIDERABLY MORE DIFFICULT.

5. IN VIEW OF THE FOREGOING, HEADQUARTERS' AUTHORIZATION IS HEREWITHT REQUESTED TO PAY CAPEL 1 A TERMINATION BONUS OF UP TO DM 15,000 /CA U.S. DOLLARS 4,500/. IT IS FURTHER REQUESTED THAT NOB BE AUTHORIZED TO PAY CAPEL 1 THIS SUM IN ONE LUMP PAYMENT. WE HAVE ELICITED THE FACT THAT HE IS ATTEMPTING TO INVEST HIS SAVINGS IN SUCH MANNER AS TO PROVIDE HIM WITH A SOURCE OF INCOME WHEN THE DAY COMES THAT HE CAN NO LONGER WORK. IT IS CONSIDERED THAT A LUMP SUM PAYMENT OF HIS TERMINATION BONUS WOULD PROVIDE CAPEL 1 WITH BETTER INVESTMENT OPPORTUNITIES THAN WOULD SMALLER PAYMENTS OVER A PERIOD OF TIME. IN VIEW OF OUR TERMINATION PLANS IT IS ALSO REQUESTED THAT NOB BE INFORMED OF HEADQUARTERS' DECISION AS SOON AS POSSIBLE.

APPROVED

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